

**BELLSOUTH**

**Kathleen B. Levitz**  
Vice President-Federal Regulatory

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March 2, 1998

EX PARTE

EX PARTE OR LATE FILED

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, NW, Room 222  
Washington, DC 20554

Re: CC Docket No. 95-116

Dear Ms. Salas:

Today Theodore R. Kingsley and I, representing BellSouth, met with David Solomon, Suzanne Tetreault, Jeffrey Lanning, Debra Weiner and Aaron Rappaport of the General Counsel's Office to discuss legal issues related to how incumbent local exchange carriers (ILECs) are permitted to recover their costs of implementing a permanent method of local number portability. During our discussion we reviewed two proposals that have been presented to the Commission for its consideration, one developed by the staff of the Common Carrier Bureau and a second developed by a coalition of ILECs. The former proposal would defer recovery of a significant share of ILECs' implementation costs until either the advent of competition for residential local service or January 1, 2001, and would amortize the costs of local number portability over a period of twelve or thirteen years. The fundamental issue upon which our discussion focused was whether the deferral and the amortization period met the requirement of Section 251(e)(2) that "costs be borne by all telecommunications carriers on a competitively neutral basis."

The BellSouth representatives stated that a proposal that required only ILECs to defer their efforts to recover a significant share of their LNP costs and also imposed upon only ILECs an unreasonably lengthy amortization period for the significant costs they had incurred failed to meet the statutorily imposed competitive neutrality standard. Neither the record nor Commission precedent support an amortization period of the length the staff has proposed. The BellSouth representatives noted that measured against the standards for

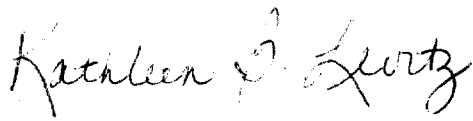
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competitive neutrality adopted in the First Report and Order in this docket, the deferral of costs required of only ILECs did not achieve competitive neutrality.

Attached are copies of earlier ex parte notices filed on behalf of BellSouth in this proceeding that describe more fully the background for today's discussions. Two copies of this notice and those attachments are filed in accordance with Section 1.1206(a) of the Commission's rules. Please associate this notification with the proceeding identified above.

Sincerely,

A handwritten signature in cursive script, reading "Kathleen B. Levitz".

Kathleen B. Levitz  
Vice President - Federal Regulatory Affairs

Attachment:

cc:	David Solomon	Suzanne Tetreault	Jeffrey Lanning
	Aaron Rappaport	Debra Weiner	

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February 27, 1998

EX PARTE

Ms. Magalie Salas  
Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

**STAMP and RETURN**

Re: Written Ex Parte In CC Docket No. 95-116

Dear Ms. Salas:

This is to inform you that BellSouth Corporation responded late yesterday afternoon in a written ex parte to a request for information from Christopher Barnekov of the Common Carrier Bureau's Competitive Pricing Division. Mr. Barnekov's request, conveyed indirectly through Ms. Marie Breslin of Bell Atlantic, was that BellSouth present in writing certain specific assumptions underlying our estimate of the monthly per line charge that BellSouth would need to impose on all access lines to recover within five years its costs of implementing local number portability.


Mr. Barnekov had indicated to Ms Breslin that he needed the data by close of business yesterday. Although I was attending a conference in Atlanta, working with BellSouth personnel in Atlanta I was able to gather the information Mr. Barnekov needed and to fax that information to him. In that communication I assured him that I would file with you a notice of that written ex parte upon my return today to Washington.

Consequently, pursuant to Section 1.1.206 of the Commission's rules, I am filing today two copies of this notice and that written ex parte presentation. Please associate this notification with the proceeding identified above.

RECEIVED  
FEB 27 1998  
FEDERAL COMMUNICATIONS  
COMMISSION  
SECRETARY

Please call me if you have any questions on this matter. My telephone number is (202) 463-4113.

Sincerely,

A handwritten signature in cursive script that reads "Kathleen B. Levitz".

Kathleen B. Levitz  
Vice President  
Federal Regulatory Affairs

Attachment

cc:	Christopher Barnekov	Paul Gallant	Kyle Dixon
	James Schlichting	Tom Power	Jim Casserly
	Richard Metzger	Kevin Martin	

February 26, 1998

To: Chris Barnekov

From: Kathie Levitz *KL*  
Federal Regulatory - Vice President

Re: CC Docket 95-116, Telephone Number Portability

Per your request, listed below are responses to your questions:

- 1.) Total costs for LNP is: The Present Value of LNP with 1998 as Base Year is:  
\$579,635,000.
- 2.) The Present Value of Capital and Expense related costs with 1998 as Base Year:  
Capital: \$314,743,831  
Expense: \$264,891,169
- 3.) Total access lines used:  
1997: 21,987,089  
1998: 23,011,704  
1999: 23,708,028  
2000: 24,376,931  
2001: 25,014,322
- 4.) Depreciation method and schedule are: Straight line depreciation with a 10 year life which reflects a forward looking economic view of the equipment life.
- 5.) Confirmation of 5 year charge: Charge is estimated as \$.56 per access line based on above costs and access lines forecast.
- 6.) Cost of money used in study is: 11.25%

Please call me (202-463-4112) if you have questions. I am out of town and will file a notice of this ex parte on Friday.

Kathie Levitz  
202-463-4113

**BELLSOUTH**

Kathleen B. Levitz  
Vice President-Federal Regulatory

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February 25, 1998

EX PARTE

Ms. Magalie Salas  
Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

**STAMP and RETURN**  
**RECEIVED**  
FEB 25 1998  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: Written Ex Parte In CC Docket No. 95-116

Dear Ms. Salas:

This is to inform you that BellSouth Corporation has responded today in a written ex parte to a request by Commissioner Tristani that we present in writing our estimate of the monthly per line charge that BellSouth would need to impose on all access lines to recover within five years its costs of implementing local number portability.

Pursuant to Section 1.1.206 of the Commission's rules, I am filing two copies of this notice and that written ex parte presentation. Please associate this notification with the proceeding identified above.

Please call me if you have any questions on this matter. My telephone number is (202) 463-4113.

Sincerely,

*Kathleen B. Levitz*

Kathleen B. Levitz  
Vice President  
Federal Regulatory Affairs

Attachment

cc: Commissioner Tristani

Kathleen B. Levitz  
Vice President-Federal Regulatory

Suite 900  
1133-21st Street, N.W.  
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February 25, 1998

EX PARTE

Commissioner Gloria Tristani  
Federal Communications Commission  
1919 M Street N.W., Room 826  
Washington, D.C. 20554

Re: Written Ex Parte in CC Docket No. 95-116

Dear Commissioner Tristani:

I appreciated the opportunity to discuss with you on Monday, February 23, 1998, issues related to incumbent local exchange carriers' recovery of the significant costs they have incurred and will continue to incur in order to comply with the Commission's schedule for implementation of local number portability using the LRN technology. At that meeting representatives of Bell Atlantic and I presented a proposal for recovery of those costs developed jointly by Ameritech, Bell Atlantic, BellSouth, GTE, SBC and US West, a copy of which is attached.

The eighth part of that proposal calls for the Commission to permit an LNP flat rate end user charge of "less than \$1.00 per line, per month" for a period not to exceed five years. During the meeting you asked those present for an estimate of what their companies would in fact expect to charge to recover their costs in this time period and indicated that our placing those estimates on the record would be very helpful to you in your deliberations on the subject. For this reason I offer the following.

BellSouth has developed an estimate of \$.56 per month per access line based on the following assumptions and interpretations of the industry proposal:

1. End user billing would commence simultaneously for every residence and business access line within a state on the first day that LNP is

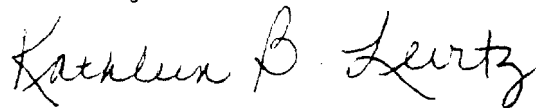
deployed at any single location within that state. The actual billing dates will be in accordance with the deployment scheduled provided. Billing for all residence and business access lines within a state will continue for a period of 5 years.

2. The following expenditures will occur "solely" as a result of LNP deployment: switch generic upgrades and associated hardware; network facility and equipment additions; feature software and associated hardware; SS7 upgrades and additions (including establishment of local SMS); provisioning and operations support system upgrades (including billing system upgrades); and technology advancement.
3. BellSouth will recover the total life cycle capital costs and related operating expenses associated with capitalized expenditures for equipment and facilities.
4. BellSouth will recover those non-equipment related expenses incurred for a period of 5 years beyond the state specific deployment date.

If after reviewing the information appearing above you have additional questions, please call me at (202) 463-4113.

In compliance with Section 1.1206 of the Commission's rules, I am filing today with the Secretary of the Commission two copies of this written ex parte presentation and am requesting that it be associated with the record in this proceeding.

Sincerely,

A handwritten signature in cursive script that reads "Kathleen B. Levitz".

Kathleen B. Levitz  
Vice President  
Federal Regulatory Affairs

Attachment



## LARGE ILEC CONSENSUS PROPOSAL FOR LNP COST RECOVERY

1. LNP cost recovery for incumbent local exchange carriers (ILECs) would occur in the interstate jurisdiction via a federally approved end user charge.
2. LNP Type I (industry shared) costs would be pooled at a regional level and allocated among all regional NPAC users based on end user (i.e. retail) revenues.
3. Each carrier would be responsible for the recovery of its allocated share of the Type I costs and its own Type II (carrier-specific) costs.
4. ILECs could recover Type I and Type II costs through an optional, flat rate end user charge. The federal end user charge would be developed on a company-wide basis and this uniform federal charge would be applied to all customers.  
ILECs would have the option to forego or cease billing of this charge at any point during the prescribed recovery period, for all customers within a state.

Per line charge would apply to all business, residence, foreign exchange, feature group A, resold lines, and unbundled local switching ports.

Centrex lines would be charged on a 9:1 line to trunk equivalency ratio and PRI ISDN on the basis of five times the amount assessed to multi-line business customers.

5. ILECs may begin recovering LNP costs via the federal LNP end user charge on a company-wide (regional) basis as early as March 31, 1998, the FCC-mandated implementation deadline for LNP Phase IMSAs. At a minimum, ILECs should be permitted to begin recovering their costs on a statewide basis once LNP is initially

available in a given state. [Note: US West does not support this alternative state by state approach.] ILECs, such as GTE that serve more geographically dispersed areas would have the option to develop the end user charge based on nationwide total company LNP costs.

The benefits of LNP availability accrue to all customers using the public switched network. Customers in an LNP equipped area would be able to choose to take service from any facilities-based local exchange carrier without having to change their telephone number and every other user of the network would still be able to reach the customer who ports to a competitor.

6. Nothing in the Commission's LNP cost recovery order should foreclose an individual ILEC's ability to demonstrate, during the tariff review process, the LNP-specific nature of the costs it is seeking to recover as Type II costs. The Commission should adopt its tentative conclusions from the further notice on LNP cost recovery and allow individual companies to make their case at the tariffing stage. Market conditions and networks vary significantly among ILECs and, generalized, up-front disallowance of specific types or categories of costs should be avoided.
7. Carrying charges (cost of money) can be applied to the total Type I and Type II costs ultimately recovered, as well as a reasonable contribution to joint and common costs.
8. The Commission would cap the LNP flat rate end user charge at "less than \$1.00 per line, per month." Recovery of the end user charge should be limited to a period not to exceed 5 years.